

KAUFMAN & CANOLES
attorneys at law

Kaufman & Canoles, P.C.
4801 Courthouse Street
Suite 300
Williamsburg, VA 23188

Mailing Address
Post Office Box 6000
Williamsburg, VA 23188

T (757) 259.3800
F (888) 360.9092

kaufCAN.com

Gregory R. Davis
(757) 259.3820
grdavis@kaufcan.com

January 20, 2023

HAND DELIVERED

Tevya Griffin
Director of Planning, City of Williamsburg, Virginia
401 Lafayette Street
Williamsburg, VA 23185

**Re: My Client: Crescent Communities ("Crescent")
City Tax Parcel Numbers: 373-0C-00-G1 (Unit Nos. 6 & 12) High Street
Applications for Special Use Permits**

Dear Tevya:

Please find enclosed the following documents for submission on behalf of my client regarding the above-referenced tax parcels:

1. Application for Economic Development ED-2 Zoning Ordinance Text Amendment to allow the City to increase the 40% cap on residential development to 45%.
2. A Special Use Permit Application to permit 44% residential development in the High Street ED-2 district as permitted by the proposed Zoning Ordinance Text Amendment.
3. A Special Use Permit Application to permit shared parking/parking space reduction.
4. Our firm check in the amount of \$2,600 for the application fees
5. Project Narrative prepared by Crescent
6. Conceptual Site Plan prepared by Poole and Poole Architecture, LLC
7. Fiscal Impact Study prepared by Calvary Real Estate Advisors
8. Parking Master Plan and narrative prepared by AES Consulting Engineers

Some additional background on the project will be helpful:

Overview: Mixed-Use Proposal

The property which is the subject of these applications is vacant land lying between Richmond Road and the Movie Tavern. The proposed development would be a mix of uses combining Crescent Communities' NOVEL brand of high-quality luxury apartments with 5,000 square feet of retail space on the ground floor. By utilizing these long-vacant retail sites, the development would provide continuity to the Shops at High Street, improving both the Richmond Road retail corridor and patronage of High Street businesses.

Zoning Text Amendment to the Economic Development ED-2 Zoning District

The proposed NOVEL Williamsburg apartment community would add an additional 3.3% of residential land use to the High Street development for a total of 43.3%. Currently, the City of Williamsburg ED-2 Zoning Ordinance limits residential uses to 40% of overall land use in an Economic Development ED-2 district. Accordingly, my client is submitting a text amendment application to allow for the residential cap to be increased to 45% with a special use permit approved by the City Council. The text amendment would enable my client to bring much needed relief to the High Street development by allowing a productive mixed-use development on the two parcels at issue.

Rent

The NOVEL Williamsburg apartments will offer a mix of Class A and workforce-level rents. The Class A rents, which are subject to market conditions, would be approximately:

\$1,500-\$1,750 for one bedroom units

\$2,000-\$2,300 for two bedroom units

The proposed NOVEL Williamsburg apartment community will have approximately 200 units, with a unit mix of roughly 70% 1-bedroom and 30% 2-bedroom units. Target residents include working professionals, faculty and graduate students at the College of William and Mary, military and government employees, and empty-nest seniors. The project will not include any 3-bedroom units. Additionally, given the property's distance from the William & Mary central campus rental rates, the project will not cater to the undergraduate student demographic either.

The project would reserve 9% of the total units (18 workforce housing units) within the community for workforce members earning 60-80% of the Williamsburg/York County/James City County area median income of \$93,200. These rents will be set at 25% (benchmarked from Fairfax County's well-established workforce housing program) of local monthly income and would currently be approximately:

\$1,000-\$1,300 for one bedroom units

\$1,150-\$1,550 for two bedroom units

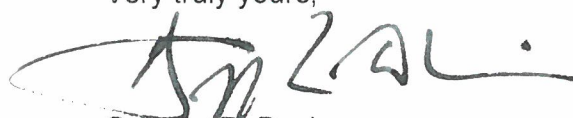
Parking Master Plan

My client requests a variance on the parking requirements for the mixed-use (residential/retail) project under Section 21-709 of the City of Williamsburg Zoning Ordinance. Specifically the application requests a reduction of required parking from 343 parking spaces to 303 spaces. AES Engineers, a qualified professional traffic consultant, has prepared a parking master plan and narrative in support of the required special use permit. The deviation from the ordinance-required parking spaces does not negatively impact nor materially affect High Street residents or customers given the ample parking spaces available throughout the development.

I encourage you and your staff to contact me with questions or concerns. Thank you for your consideration of the foregoing.

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Very truly yours,



Handwritten signature of Gregory R. Davis in black ink, featuring a stylized 'G' and 'D'.

Gregory R. Davis

CC: Crescent Communities

Sec. 21-372. Permitted uses.

The uses permitted in the economic development district ED-2 are as follows:

- (1) *Residential uses.*
 - a. The following residential uses are permitted:
 1. Townhouses in accordance with section 21-380.
 2. Multifamily dwellings.
 - b. Not more than 40 percent of the gross area of contiguous land in an economic development district ED-2, whether under the same or different ownership, may be devoted exclusively to residential use as described in section 21-372(1)a. Notwithstanding the foregoing, the 40 percent limit stated in this subparagraph (b) may be increased to 45 percent by special use permit. Residential use includes residential building footprint area, associated parking spaces and driveways, landscape areas, yard areas, and recreation areas.
- (2) Residential uses located in buildings used for other permitted uses.
- (3) Banks and financial institutions.
- (4) Conference centers.
- (5) Convenience service establishments such as, but not limited to, barbershops, beauty parlors and spas, tailors, shoe repair shops, self-service laundromats, and laundry and dry cleaning establishments.
- (6) Convenience stores.
- (7) Day care centers.
- (7.1) Fitness studios.
- (7.2) Fitness centers.
- (7.3) Mobile food units in accordance with Section 21-622.
- (8) Freestanding automatic teller machines.
- (9) Hotels/motels, and associated meeting facilities. Hotels/motels are further regulated by chapter 9, Licenses, Permits and Business Regulations.
- (10) Indoor entertainment facilities such as amusement arcades, bowling alleys, roller skating and ice skating rinks, pool and billiard rooms, and the like.
- (11) Medical uses: diagnostic centers; medical and dental offices and clinics; and pharmacies.
- (12) Offices.
- (13) Parking garages.
- (13.1) Playgrounds, parks and unlighted athletic fields owned and/or operated by the City of Williamsburg.
- (14) Printing, photocopying and publishing establishments.
- (15) Public art approved through the City's public arts program.
- (15.1) Public buildings owned and/or operated by the City of Williamsburg.

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(Supp. No. 35, Update 1)

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- (16) Research and development facilities for materials science, computer science, biochemistry, molecular biology, environmental sciences, business and governmental affairs, and the like. No land or building shall be used or occupied in any manner so as to create smoke, fumes, noise, odor, air pollution, liquid or solid refuse, or any other substance, condition or element which will be dangerous, injurious, noxious or otherwise affect adversely the surrounding area or adjoining premises.
 - (17) Restaurants, bake shops, and other food service establishments.
 - (18) Retail sales establishments provided that the gross floor area of any individual tenant shall not exceed 100,000 square feet.
 - (19) Service stations.
 - (20) Storage of materials and supplies incidental to the conduct of a permitted use, provided that such storage is screened from view by a six-foot high wall or fence with the finished side facing the exterior of the property. Planning commission may, through the site plan review process, require or approve an alternate means of screening, provided that it is equivalent to the required fence or wall.
 - (21) Theaters and assembly halls, but excluding drive-in theaters.
 - (21.1) Veterinary hospitals and clinics, provided that there are no outdoor activities.
 - (22) Off-street parking and loading areas for permitted uses in accordance with article V.
 - (23) Signs in accordance with article VI.
 - (24) Accessory uses in accordance with section 21-603.
 - (25) Home occupations in accordance with section 21-606.
- (Ord. No. 05-14A, 6-9-05; Ord. No. 08-23, 8-14-08; Ord. No. 14-27, 11-13-14; Ord. No. 15-06, 4-9-15, eff. 7-1-15; Ord. No. 19-02, 1-10-19; Ord. No. 19-17, 9-12-19; Ord. No. 21-13, 10-14-21)

Project Proposal

Crescent Communities proposes to build an approximately 200-unit apartment community on two vacant parcels within the Shops at High Street development located at 1430 Richmond Road. The proposed apartment community would be part of Crescent Communities' NOVEL brand of high-quality luxury apartments. Crescent Communities is also planning to scale back the amount of commercial, but incorporate ground-level retail, totaling 5,000SF, into their proposed building on Parcel B. By developing these long-vacant retail pad sites, the redevelopment would provide continuity to the Shops at High Street, improve the Richmond Road retail corridor, and enhance both the visibility and patronage of the High Street businesses. The added density will not only enliven and activate the retail center but also improve the time-spread of activity throughout the week.



Proposed Development Sites

Challenges in the Retail Sector

The proposed development parcels within the Shops at High Street are currently zoned for a retail use but have sat undeveloped for the last thirteen years. This vacancy is reflective of broader challenges facing the retail sector and COVID-19 served to supercharge existing trends such as the shift away from brick-and-mortar shopping to e-commerce. Supply chain issues, raw material inflation, and a tight labor market have all presented further challenges as well more recently.

The pandemic also normalized consumer behaviors such as frequent grocery and food delivery as opposed to in-person shopping and dining out. The restaurant industry was particularly impacted by COVID, with more than 10% of all restaurants in the United States closing permanently during the pandemic. Food and labor inflation has been acute for the food service industry and has created a difficult environment for businesses to expand or new businesses to emerge.

Movie theaters, including the Shops at High Street anchor tenant, Movie Tavern, have also struggled during the pandemic. This industry continues to face challenges, with Regal Cinema, a Movie Tavern competitor, recently declaring bankruptcy due to ongoing financial difficulties. While COVID restrictions have largely lifted, the theater business remains threatened as more video content is released on streaming platforms for at-home

enjoyment. Based on these factors, it is important to support local theatres like Movie Tavern to ensure their long-term viability.

Macroeconomic headwinds and uncertainty have also provided challenges to retail investors and entrepreneurs. Rising interest rates and expanding capitalization rates for retail properties have put stress on retail investors, expanding businesses, and entrepreneurs. Additionally, capital markets have shifted away from retail investments and currently favor multifamily and industrial assets.

These macro-economic challenges are mirrored within the local Williamsburg commercial real estate market. Based on a recent conversation with a local retail broker with Thalhimer, attracting anchor and junior anchor tenants to Williamsburg is exceptionally difficult in the current environment. Additionally, he stated that national credit tenants are currently risk-adverse and not looking for new space in Williamsburg. Based on the macroeconomic factors noted above and these local challenges, The Shops at High Street will likely continue to have great difficulty attracting development and new retail businesses to the vacant parcels.

These challenges are echoed by the current owner of the Shops at High Street, Lamar Companies. Lamar Companies is a full-service real estate investment company focused primarily on retail shopping centers. Throughout the years, the firm has maintained its entrepreneurial roots as a hands-on operating partner with deep expertise in the retail space.

Lamar purchased the Shops at High Street in August 2017 with a strategy in place to add-value by leasing up the then existing 13,346SF of vacancy and developing the two land parcels under discussion for additional retail users. Throughout their ownership period, they have encountered challenges finding new tenants and retaining existing tenants with many expressing they prefer larger population centers. In addition, competition from online retailers such as Amazon and Walmart have hurt leasing demand. Since acquisition, Lamar has lost an additional 25,000SF of retail tenancy including retailers such as VF Outlet, Pendleton, and Firehouse Subs. Even with the support of Divaris Real Estate, a local 3rd party leasing group, their new leasing activity was limited to The Learning Experience, Strangeways Brewing and Bonilla Pet Studio over the last 2 years. Vacancy peaked at nearly 39,000SF and Lamar has only been able to fill 47% of this vacancy, leaving over 20,000SF of space currently unoccupied.

The center currently has a strong roster of destination dining options including Le Yaca, Plaza Azteca, Subway, Aticha, Five Guys and Topsy Bean. It is also well-served by many entertainment venues including Orange Theory, Paint on Pottery, and Revolution Golf, which complement the anchor tenant, Movie Tavern. Given this significant retail footprint, combined with ongoing leasing difficulties, Lamar Companies' current focus is on supporting their existing businesses as opposed to building new retail space. Accordingly, they see building a primarily residential development as the best path forward for the center's vacant condo parcels.

Lamar Companies is excited to work with Crescent Communities to bring a Class-A multifamily component to the Shops at High Street. They believe additional rooftops on-site would energize the existing retail component of the center and provide an essential boost to leasing up the remaining vacancy. Lamar companies is also supportive of Crescent's proposal to offer 5,000SF of additional retail space as they see this as right sized for the local market and macroeconomic environment. While new retail offerings at a greater scale could threaten existing businesses and contribute to a local oversupply condition, Crescent's mixed-use plan is considered to be appropriately scaled for the center and the new residential density offered by the proposed NOVEL luxury housing community. Overall, Lamar Companies is looking forward to collaborating with Crescent Communities and sees it as a great opportunity to attract new residents and retail activity by offering a vibrant and convenient lifestyle. Tenants including Movie Tavern and Revolution Golf are extremely favorable to this concept and welcome the

support it would bring. Furthermore, the economic activity spurred by this new population base will extend far beyond the Shops at High Street to the entire Richmond Road corridor.

Project Details

The proposed NOVEL Williamsburg apartment community will have approximately 200 units, with a unit mix of roughly 70% 1-bedroom and 30% 2-bedroom units. Based on current market conditions, rents for market rate units are anticipated to be approximately \$1,500-\$1,750 for 1-bedrooms and \$2,000-\$2,300 for 2-bedrooms. Target residents include working professionals, faculty and graduate students at the College of William and Mary, military and government employees, and empty-nester seniors. The project will not include any 3-bedroom units and will not be marketed or amenitized towards families. This will minimize the number of children in the buildings and thus the impact on the local school system. Additionally, given the property's micro-location far from campus and luxury-positioning, the project will not cater to the undergraduate student demographic either.

Despite the residential focus of NOVEL Williamsburg and the aforementioned challenges within the retail sector, Crescent Communities integrated ground floor retail into their proposal to provide further activation and continuity to the High Street Shopping Center and to contribute to the existing retail base within Williamsburg. Crescent believes this combination of residential and retail development is in line with current market dynamics and represents the best path forward to enhance the Shops at High Street.

Based on calculations performed by AES Engineering, NOVEL Williamsburg would reduce traffic congestion, when compared to the existing by-right use, and only minorly add to the existing residential footprint at the Shops at High Street. In comparison to 64,000 SF of new retail, which current zoning would allow on the property by-right, AES determined NOVEL Williamsburg would reduce average traffic count by more than three times from approximately 5,000 vehicles to 1,445 vehicles per day. Additionally, NOVEL Williamsburg would only add an additional 3.3% of residential land use to the Center for a total of 43.3%.



Preliminary Site Plan

Design Intent

Both Crescent Communities and Poole and Poole Architecture are committed to creating projects that are architecturally harmonious with the local market and surrounding developments. This commitment, in addition to their use of high-quality exterior brick and fiber-cement cladding, is demonstrated in the properties shown on the following pages. For NOVEL Williamsburg, the team would strive to achieve a colonial aesthetic inspired by local historic architecture which also blends with newer adjacent properties. Furthermore, Crescent Communities aspires to enhance the architectural and visual character along this Corridor Protection District which serves as a key gateway into the City of Williamsburg and the Colonial Historic Area.



Example NOVEL Interior Design and Finishes



High Street View Façade (Designed by Poole and Poole Architecture)



High Street View Courtyard (Designed by Poole and Poole Architecture)



Additional Example: Poole and Poole Architecture

Workforce Housing

While the NOVEL brand caters to a more affluent Class-A renter, Crescent Communities is committed to providing workforce housing for valued community members such as teachers, law enforcement personnel, firefighters, and health care professionals. When developing the affordable plan for NOVEL Williamsburg, Crescent benchmarked Fairfax County's Workforce Housing program, which this project would fall under in that municipality. Their policy targets the following unit amounts and respective percentages of area median income (AMI): 2% of units at 60% AMI, 2% of units at 70% AMI, and 4% of units at 80% AMI. Rental rates in this program are set to 25% of monthly income at the above AMI levels. This is more generous than other federal guidelines that target affordability at 30% of monthly income. With this rezoning, Crescent seeks to exceed Fairfax County's well-established standards by increasing the amount of units affordable at 70% AMI to 3 percent. Accordingly, the project would look to set aside 9% of the total units (2% at 60% AMI, 3% at 70% AMI, 4% at 80% AMI) within the community targeting workforce members earning between 60-80% of the Williamsburg/York County/James City County area median income currently at \$93,200. (Per Fannie Mae) Affordable rents, based on the current AMI levels, would be approximately \$1,000-\$1,300 for 1-bedroom units and \$1,150-\$1550 for 2-bedroom units.

Additional Benefits

In addition to the workforce housing benefits, multifamily development at the Shops at High Street would make efficient use of existing infrastructure, provide tax revenue to the City of Williamsburg, and create needed housing for Williamsburg's growing population. The Williamsburg Downtown Sector Plan details high demand for urban housing and outlines problems of rising prices and displacement. It calls for additional residential development,

to include dense multifamily communities, to reduce this supply imbalance. Additionally, it describes the importance of having new quality housing to retain young talent within the City of Williamsburg. By providing a luxury living experience in a desirable location just outside of the urban core, NOVEL Williamsburg would address many of these problems and help alleviate the pressure on Williamsburg's downtown housing supply.

About Crescent Communities

Crescent Communities is a top-tier national real estate development firm operating in 16 markets across the United States. Crescent embraces a fully integrated approach to development that is focused on creating luxury homes centered around a sense of place. By finding new ways to make a difference in their resident's lives, Crescent continues to help connect people with their neighborhoods through programming and activities—and uphold their commitment to respecting the land and environment that has guided their more than 69 completed signature multifamily communities nationwide. Throughout its 16 major markets, Crescent is committed to investing in smaller communities such as Williamsburg, and currently has projects in Morrisville, Matthews, and Cary, North Carolina, Murfreesboro and Clarksville, Tennessee, and Covington and Stockbridge, Georgia.

- 16 Markets
- 9 Offices
- 1. Charlotte, NC
- 2. Atlanta, GA
- 3. Nashville, TN
- 4. Washington, DC
- 5. Raleigh, NC
- 6. Orlando, FL
- 7. Tampa, FL
- 8. South Florida
- 9. Phoenix, AZ
- 10. Dallas, TX
- 11. Austin, TX
- 12. Houston, TX
- 13. Salt Lake City, UT
- 14. Denver, CO
- 15. Charleston, SC
- 16. Richmond, VA



Crescent Communities' National Footprint

Stewardship

Being good stewards is fundamental to Crescent Communities' mission to "build community and better people's lives." Crescent strives to have a positive impact on the planet, people, and places they build and call home, and regularly evaluates their performance to hold themselves accountable. By focusing on their 4 pillars of stewardship including Community, Wellness, the Environment, and Resiliency, Crescent endeavors to build places that become healthier and more vibrant as a result of their investment.

Community: Crescent seeks to build a more diverse, equitable and inclusive community for their colleagues, partners, customers, and neighbors. By providing opportunities for all, they allow productive communities to form and flourish, and help generate broad economic success.

Wellness: By designing communities where healthy choices are easy to make, Crescent Communities supports the physical and emotional well-being of every person who lives, works, and plays there. This enables their

communities to serve as a catalyst for a healthier, happier lifestyle for residents, tenants, and the greater community.

Environment: Crescent Communities has adopted environmental sustainability principles, practices, and processes to both sustain the environment and support thriving economies. No matter the jurisdictional requirements, Crescent implements market-leading green building practices in every project to create high-performing, energy-efficient, and comfortable communities. Crescent would look to achieve a NBGS “Bronze” green building accreditation for this site.

Resiliency: Focusing on resiliency ensures Crescent seeds communities that continue to thrive long after their involvement ends.

Community Service

In addition to investing in the Southern Virginia market, Crescent Communities is dedicated to making a positive impact in the local community as well. Each development project is viewed as an opportunity for community outreach and service. The Mid-Atlantic Crescent Communities team intends to form a relationship with Lafayette High School and use the proposed development as a tool to educate and mentor local students. As the project progresses, Crescent plans to host three educational meetings to walk students through the different phases of the commercial real estate development process including: (1) design and architecture, (2) construction and skilled trades, and (3) the unveil of the finished product along with an introduction to the business of running a community. This experience will provide students with the unique opportunity to tour an active construction project, learn from working professionals, and gain valuable exposure to multiple facets of the commercial real estate industry.

Southern Virginia Experience

The lead project developer, Brandon Wright, and project architect, Michael Poole, have deep roots in Southern Virginia. Brandon and Michael have worked together on numerous local projects over the years including Elan Williamsburg, Everleigh Short Pump (Richmond, VA), and Overture Virginia Beach. Poole and Poole Architecture is headquartered in Richmond, Virginia and has extensive experience not only in Williamsburg but also from Richmond down the peninsula to Hampton Roads. More recently, Michael worked closely with the City of Williamsburg as the architect for the High Steet View luxury apartments within the Shops at High Street. Crescent Communities is continuing to look to expand its Southern Virginia footprint and is currently developing a boutique apartment community in the Scott’s Addition neighborhood of Richmond. Demand for apartments exists and will continue to grow throughout Southern Virginia and particularly within the City of Williamsburg. As a developer with extensive local experience creating high-quality and thoughtfully designed communities, Crescent Communities is ideally suited to address Williamsburg’s rental housing needs.



Southern Virginia Experience

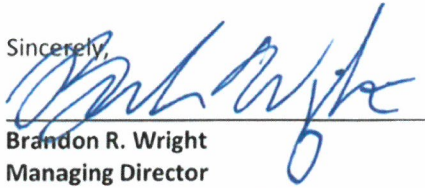


Crescent Communities: NOVEL Scott's Addition

Conclusion

Crescent Communities could not be more excited to work with the City of Williamsburg and contribute to the historic character of the community. Partnering with Lamar Companies to develop the long-vacant parcels within the Shops at High Street is an ideal opportunity for both parties and will provide a unique mixed-use luxury housing and retail option and vibrant lifestyle for future residents. Additionally, NOVEL Williamsburg would bring several benefits to the City of Williamsburg including the creation of new attainable workforce housing, providing support to retail businesses within the Shops at High Street and throughout the Richmond Road corridor, and generating additional tax revenue while improving the local built environment.

Sincerely,



Brandon R. Wright
Managing Director
Crescent Acquisitions, LLC